

**ASSEMBLY BILL**

**No. 2344**

**Introduced by Assembly Member Correa**

February 21, 2002

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An act to amend Sections 21201.5 and 21203 of, and to add Section 21205.6 to, the Financial Code, relating to pawnbrokers.

LEGISLATIVE COUNSEL'S DIGEST

AB 2344, as introduced, Correa. Pawnbrokers.

Existing law regulates the sale and redemption of pledged property by pawnbrokers. Existing law requires a loan to which an original loan debit is applied to be processed as a new loan and deemed a new loan subject to loan origination fees, storage fees, and minimum fees when applicable.

This bill would allow a pledgor to pay all charges and interest due on the original loan in a form acceptable to the pawnbroker rather than requiring that he or she pay in cash. The bill would also subject the new loan to allowable fees rather than minimum fees.

The bill would authorize an original pledgor and pawnbroker to agree to a new loan on forfeited property or to agree to allow redemption of the forfeited property, and to annul the forfeiture of the original loan if all interest and charges on the original loan are paid by the pledgor upon issuance or redemption.

The bill would require that, if the property is stored off the business premises of a pawnbroker, the property be returned within two business days instead of one business day of a request for redemption of a loan.

Vote: majority. Appropriation: no. Fiscal committee: no. State-mandated local program: no.

*The people of the State of California do enact as follows:*

SECTION 1. Section 21201.5 of the Financial Code is amended to read:

21201.5. A pledgor may request, and a pawnbroker may consent to, a new loan to take effect upon or at any time after the expiration of the loan period stated in the original loan contract delivered to the pledgor under Section 21201. The pledgor shall pay ~~in cash~~ *a form acceptable to the pawnbroker* all of the charges and interest due under the original loan, and the remaining unpaid balance of the actual amount borrowed under the original loan shall be debited to the new loan on which the same article or articles are pledged. The loan to which the debit is applied shall be processed as a new loan and shall be deemed to be a new loan subject to loan origination fees, storage fees, and ~~minimum~~ *other allowable* fees when applicable. The new loan contract required by Section 21201 shall disclose the amount of the original loan that is debited to the new loan.

SEC. 2. Section 21203 of the Financial Code is amended to read:

21203. Any property held in pawn which is not subject to a hold pursuant to Section 21647 of the Business and Professions Code shall be returned to the ~~pledger~~ *pledgor* immediately upon redemption of the loan. However, if the property is stored off the business premises of the ~~licensee~~ *pawnbroker*, the property shall be returned within ~~one~~ *two* business ~~day~~ *days* of a request for redemption of the loan.

SEC. 3. Section 21205.6 is added to the Financial Code, to read:

21205.6. (a) The original pledgor may request and a pawnbroker may consent to a new loan on the forfeited property obtained from the pledgor under Section 21201 and to annul the forfeiture of the original loan, if all interest and charges due under the original loan accrued to the date of issuance of the new loan are paid by the pledgor upon issuance.

(b) As an alternative to subdivision (a), the parties may instead agree to allow redemption of the forfeited property and to annul the forfeiture of the original loan, upon the payment by the pledgor

- 1 of the principal amount of the original loan and all interest and
- 2 charges accrued to the date of redemption.

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